

25X1A Approved For Release 2002/06/14 : CIA-RDP72B00464R000100070007-1

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CONTRACT

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FORM 11-63 2167a

SECRET

GROUP 1
Excluded from automatic
downgrading and

(12)

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PRECONTRACT APPROVAL RECORD
(PART TWO)

CONTRACT

The services and equipment being procured by this Contract No. FH-2515
Amend. #8 are in furtherance of the [redacted] 25X1A

Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

Amendment No. 8 to Contract FH-2515 extends the performance of this contract to 30 June 1968.

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PRECONTRACT APPROVAL RECORD
(PART TWO)

CONTRACT

The services and equipment being procured by this Contract No. FH-2515
Amendment No. 7 are in furtherance of the IDEALIST

Program(s), the nature of which cannot be publicly disclosed for security reasons. The Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC 2122, signed by the DDCI on 15 October 1961.

Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress (formerly 10(b) - see 85-507 dated 7/7/58) for each contract.

The following comments describe the procurement hereby effected, the terms and provisions generally of this contract/amendment, and a resume of major issues negotiated:

This amendment obligates an additional \$185,000.00 and is authorized by ASD/OEL to add to the contract the design and fabrication of discrete circuits used in the System 20. The discrete circuit boards are to insure the delivery of the first prototype System 20 for flight testing by 15 September 1967 and the second prototype to be fully environmentally tested and delivered no later than 2 October 1967.

This has been a ceiling type contract and the contract is written in such a manner that the Contractor is not relieved from this ceiling. However, it has been worded in such a way that the door may be opened if the flight test proves successful and it appears the Contractor is going to incur costs at his own expense at an unreasonable amount.

BACKGROUND: The Contractor has already spent \$107,000 of his own funds which was written off by the company in the last fiscal year. He has also spent approximately \$300,000 of IR&D money in development of this program. This latter is sort of off the record, but is considered legal as this program is being treated, from a security point of view, as an in-house project.

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